

Sustainability Issues in the Russian Hotel Industry

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Abstract: The issues of sustainable development of Russia's hotel industry are becoming particularly acute. The main aspects include insufficient investment in regional cities, lack of local government strategies, mistakes in investment appraisal and marketing, irrational motives in hotel construction. To target these problems are needed a more responsible and long-oriented thinking of regional authorities, thorough negotiations with potential investors, use of consulting services, seeking better synergies with other segments of regional tourism clusters. Especially important are synergies with infrastructure, regional education clusters in tourism and services, entertainment facilities and attractions, including those, created on the basis of secondary tourist resources. These and other factors, highlighted in this paper, are crucial for the hotel industry's sustainable trajectory.

Key words: Hotel Industry • Hospitality • Hospitality Graduates • Sustainable Development • Sustainability

INTRODUCTION

Moscow and St. Petersburg account for around 30% of Russia's hospitality capacity, representing only 12-13% of population. That is the brightest evidence of multiple impediments for the hotel industry's development in the whole country and specific regional problems which need to be tackled.

MATERIALS AND METHODS

Comparative analysis, review of literature and consulting firms' reports.

RESULTS

The following 9 issues can be viewed as central for the sustainability of Russia's hospitality industry:

- As for existing business models of hotel chains, they are focused on rapid growth. In this industrial climate only a "weak" form of environmental sustainability is achievable [1];

- There are risks of structural imbalances in the industry, where some overheating is likely in Moscow and Saint-Petersburg's segments of expensive hotels alongside with under-representation of cheap hotels. At the same time the development of the hotel industry in many regions is insufficient in all segments [2];
- Diverse sources of capital B domestic, European, American and Chinese B should be attracted with accounting for their institutional specificity. Consulting firms can be indispensable in structuring investment projects;
- Customers expect a better accentuated uniqueness of services. And that requires more robust approaches in strategic marketing positioning with regards to differentiation. In the mid-term the share of branded hotels is expected to rise from 1/3 to 2/3.
- According to the Federal Target Program "Development of Domestic and Inbound Tourism in the Russian Federation", the development of infrastructure is co-financed and subsidized [3]. But more incentives should be provided alongside with more deregulation in planning and building

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permissions. At present potential investors are distracted not only by the duration and costs incurred, but also by unpredictability;

- Co-production and co-creation should attract more attention in the framework of service-dominant logic in Russia's hotel industry [4]. Another analytical framework with a proved efficiency is one exploring interrelations between four components of the hotel development models: customer orientation, entrepreneurship, innovativeness and business performance [5].
- Another important dimension for improvement is social media marketing and presently it's substantially underused especially by independent hotels and small branches [6];
- In Russia there are no studies of relationship between CSR activities of companies in the hotel industry with their financial performance. Research in other sectors shows the existence of positive correlations. Conversely, some studies in the US show a mixed picture in the hotel industry [7];
- Many Russian employers mostly interested in overall hospitality graduates' abilities to generate creative and productive initiatives. And in that respect they fully concur with foreign colleagues [8], expecting to get from the education and training system versatile and pro-active employees and willing to provide them with all lacking skills if there are such deficiencies. The accumulated disjunction between two clusters in Russia B education and hospitality B is a widely-recognized problem, with deficiency of practical experience being a major problem not only for students, but faculty members as well [9]. That problem is omnipresent in all components of Russia's sector of tourism and hospitality [10].

CONCLUSION

Sustainability in Russia's hotel industry is a multi-dimensional field and its importance grows in view of ill decision making and misallocation of resources. Investment, marketing, infrastructure and education are four crucial areas for the industry's long-term viability.

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